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Agricultural Research Service
Farm Economics Research Division

A Comparative Analysis of Manpower Potentials in Low Income Areas
As Revealed by Rural Development Studies

(A paper prepared for the annual meeting of the Southwestern
Social Science Association, Dallas, Texas, April 4-5, 1958.)

by

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This morning I would like to do three things in the twelve and one-half minutes your chairman has allotted me. First, I want to review quickly some of the steps that have been taken in rural development, both on the National and local level. Next, I want to present some of the manpower findings of a few studies conducted in rural development areas. Finally, I would like to offer some suggestions as to areas of research and approaches that we, as economists and sociologists, should emphasize more in the future than we have in the past.

The Rural Development Program was set up to aid a segment of the rural population that has not enjoyed a level of living comparable to that of the United States as a whole. This population has been referred to as low-income farmers, low-production farmers, small-scale farmers, small farmers, subsistence farmers, marginal farmers, agriculture's disadvantaged class and underemployed and/or unemployed rural people.

In 1955, the year that the U. S. Department of Agriculture issued its publication, Development of Agriculture's Human Resources, 1/ the Department also issued a bibliography 2/ of nearly 800 references about low-income farm people. Since 1955, Rural Development Programs have been organized in nearly 100 counties in 30 States. 3/ The problem is being attacked through projects

* Farm Economics Research Division, Agricultural Research Service, United States Department of Agriculture. In the preparation of this paper, the writer is indebted to William H. Metzler, Orlin J. Scoville and Ward F. Porter for many helpful suggestions. The views expressed here are those of the writer and do not necessarily represent the views of the Farm Economics Research Division, ARS, or of the Department of Agriculture.

1/ Development of Agriculture's Human Resources, A Report on Problems of Low-Income Farmers, U. S. Dept. of Agriculture, Washington, April 1955.

2/ Low-Income Farm People: A Selected List of References, by Elizabeth Gould Davis, U. S. Dept. of Agriculture, Library List No. 62, Washington 1955.

3/ See Rural Development Program - Second Annual Report of the Secretary of Agriculture, U. S. Dept. of Agriculture, Washington, Sept. 1957, for a listing of counties with Rural Development Programs.

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in farming, industry promotion, education, health, marketing and community improvement. It is hoped that these pilot programs will point the way for other counties and areas. Methods are being developed that can be used in other rural areas.

In cooperation with the Committee for Rural Development, 13 States and Puerto Rico have held regional rural development conferences. Some 40 farm and nonfarm agencies have been represented at these meetings; the first was held in Lexington, Ky., May 15, 1957. Others have been held at Shreveport, La.; Fort Smith, Ark.; Athens, Ga.; and Asheville, N. C. At each conference, workshop sessions were held to permit detailed discussion of farm, industry, and community improvement and its relation to rural development.

The Federal Government has a number of programs that supplement the Rural Development Program either directly or indirectly: namely, community facilities assistance, aid to small businesses, federal procurement, rapid tax amortization, and food distribution. 4/ Time does not permit a detailed presentation of these programs; however, a few comments seem appropriate. In recent years the Federal Government has given special consideration to labor-surplus areas by placing a proportion of defense and other procurement orders in these areas, by giving special tax amortization inducements to companies that expand their production capacity to meet defense needs and locate the new facilities in labor-surplus areas, and by helping needy people through the food distribution program. Additional programs have been proposed, among them programs involving subsistence payments, loans and/or grants.

A recent publication of the Department of Agriculture reports that 80 studies have been made in low income or rural development counties since the initiation of the Rural Development Program. 5/ I will ~~make~~ no attempt at a quick review of all of them or at a comprehensive review of any of them. This would, even if time permitted, be too much to expect any audience to sit through.

Instead I have selected for analysis four of the recent studies conducted by the Agricultural Research Service in cooperation with agricultural experiment stations. Reports on one of the studies have been published; reports on the other three will be published in the near future. The characteristics of the working force selected for comparison are residence, age, sex, days worked, and income. Comparisons between the studies were not possible in all cases because some of the material has not been tabulated as yet.

4/ See Federal Assistance to Labor-Surplus Areas: A Report Prepared at the Request of the Chairman of the Committee on Banking and Currency, by Sar A. Levitan, U. S. House of Representatives, 85th Cong., 1st Sess., April 15, 1957, for an analysis of Government Programs and their relation to labor-surplus areas, as well as for a listing of labor-surplus areas.

5/ Rural Development Program - Second Annual Report of the Secretary of Agriculture, Op. cit.

Field work for the studies selected was conducted in the Upper Monongahela Valley of West Virginia, 6/. the Ozarks of Missouri, 7/. the Ozarks of Arkansas, 8/. and southern Maryland 9/. All of the areas studied fall within the problem areas outlined in the report, Development of Agriculture's Human Resources. You will recall that these problem areas were set up on the basis of net income of full-time farmers, level of living, and size of operation. 10/

The Upper Monongahela Valley of West Virginia is an area of limited agricultural resources, with a problem of inadequate off-farm work opportunities that is primarily due to a slump in coal mining employment. The Ozark area of Missouri is characterized by a high dependence upon part-time and subsistence farming and a decline in the two major industries - coal mining and lumbering. In the Arkansas Ozark area, self-sufficient and part-time farms predominate. Manpower has been exported in the form of migratory

6/ Employment and Underemployment of Rural People in the Upper Monongahela Valley, West Virginia, by William H. Metzler and Ward F. Porter, W. Va. Agr. Exp. Sta. Bul. 404, June 1957, and Availability for Employment of Rural People in the Upper Monongahela Valley, West Virginia, by Ward F. Porter and William H. Metzler, W. Va. Agr. Exp. Sta. Bul. 391, June 1956.

7/ Resources and Levels of Income of Farm and Rural Non-farm Households in the Eastern Ozarks of Missouri, 1956 Survey, by Ronald Bird, Frank Miller, and Samuel C. Turner. Unpublished manuscript.

8/ Employment and Underemployment of Rural People in the Ozarks, by William H. Metzler and J. Lawrence Charlton. Unpublished manuscript.

9/ Utilization of Rural Manpower in Calvert County, Maryland, by Nelson Le Ray and Wayne Rohrer. Unpublished manuscript.

10/ The criteria by which each State economic area in the low-income and level-of-living areas was delineated are as follows: (1) A residual farm income to operator and family labor in 1949 of less than \$1,000 provided the State economic area had a level of living index below the average for the region and had 25 percent or more of its commercial farms classified as "low production." Residual farm income to operator and family labor represents the income (including value of home use) above operating expenses and a return to capital invested in land and machinery. (2) A level of living index in the lowest fifth of the Nation. Items in the index include (a) percentage of farms with electricity, (b) percentage of farms with telephones, (c) percentage of farms with automobiles, and (d) average value of products sold. (3) "Low Production" farms comprising 50 percent or more of the commercial farms. Low production farms are those with sales of \$250-\$2,499 with the operator not working off farm as much as 100 days and farm sales exceeding family income from other sources.

Comparative Manpower Data for Persons 14 Years Old
and Over in Four Low-Income Areas

Group	Unit	Upper Monongahela Valley, W. Va.	Missouri Ozarks	Arkansas Ozarks	Southern Maryland
Households:					
By residence	Percent	100	100	100	100
Rural nonfarm	do.	64	66	44	49
Rural farm	do.	36	34	56	51
People - sex and age:					
Males	Percent	100	100	100	100
14-24	do.	23	17	19	26
25-64	do.	62	61	59	58
65 and over	do.	15	22	22	16
Females	do.	100	100	100	100
14-24	do.	23	15	20	27
25-64	do.	64	66	64	58
65 and over	do.	13	18	16	15
People who did not work during year	Percent	41	<u>1/</u>	41	30
Workers - days worked preceding year					
All workers	Days	154	<u>1/</u>	141	153
Males	do.	185	<u>1/</u>	173	177
Females	do.	92	<u>1/</u>	83	103
Household income:					
Average cash income	Dollars	2,675	2,264	1,664	3,018
Less than \$1,000: <u>2/</u>					
Farm operator	Percent	67	32	38	36
Nonfarm worker	do.	6	<u>1/</u>	11	5
Nonwork	do.	57	<u>1/</u>	77	41
People available for work	Percent	16	<u>1/</u>	12	14
People - sex and major activity					
Males	Percent	100	100	100	100
Nonfarm work	do.	52	37	28	42
Farm operation	do.	12	22	33	26
Attending school ...	do.	13	11	10	13
Other	do.	23	30	29	19
Females	do.	100	100	100	100
Nonfarm work	do.	9	10	16	15
Keeping house	do.	72	69	61	57
Attending school ...	do.	12	10	14	14
Other	do.	7	11	9	14

1/ Data not available.

2/ By chief source of income.

agricultural workers and more recently as nonfarm workers for industrial centers in the Midwest and the Pacific Coast. However, this area has had considerable industrial and resort development in recent years. The southern Maryland county studied is an area of small part-time and tobacco farms. The county has little industry, but many of its residents commute to jobs in nearby metropolitan areas, and many of the residents of these areas take advantage of the county's beaches and recreational facilities.

Unemployment and underemployment 11/ are common characteristics of many people in low income areas. In the Upper Monongahela Valley of West Virginia, 41 percent of the people 14 years old and over had engaged in no remunerative work during the year. Corresponding figures for the Ozark area of Arkansas and southern Maryland were 41 percent and 30 percent, respectively.

The people who worked in the West Virginia survey area had an average of 154 days of work during the year preceding the study; in Maryland the average was 153 days and in Arkansas 141 days. Males averaged a greater number of days worked than did females. In comparison a study of cotton areas 12/ that fall within the major problem areas delineated in the report, Development of Agriculture's Human Resources, revealed that total employment during the year preceding the study for all hired farm workers, averaged 108 days in the Cordele, Ga., area; 105 days in the Pine Bluff, Ark., area; and 92 days in the Opelousas, La., area.

The Arkansas and Maryland survey areas contained more farm than nonfarm households; the Missouri and West Virginia areas had fewer farm than nonfarm households. Of the open-country households studied in the Arkansas Ozarks, 56 percent were on places that would qualify as farms under the U. S. Census definition. Corresponding percentages for other areas were Maryland, 51 percent; West Virginia, 36 percent; and the Ozarks of Missouri, 34 percent.

Age composition and other characteristics of the survey populations indicate that young people have been leaving the low-income areas and older people have been moving to these areas for retirement and other purposes. In southern Maryland, the extreme case, only 58 percent of both males and females were in the 25-64 years of age classification compared to 71 and 68 percent of the males and females, respectively, in the country at large. 13/

11/ The two main types of underemployed individuals are (1) those who do not have a sufficient amount of work and (2) those who get a low return per hour of work because of inefficiency, low productivity or substandard wages. For a discussion of unemployment and underemployment see The Measurement and Behavior of Unemployment, National Bureau of Economic Research, Princeton University Press, Princeton, 1957.

12/ Unemployment and Partial Employment of Hired Farm Workers in Cotton Areas, by William H. Metzler, Agricultural Research Service, in cooperation with Bureau of Employment Security, July 1955.

13/ See Estimates of the Population of the United States, by Age, Color, and Sex, July 1, 1950 to 1955, Bureau of the Census, Current Population Reports, September 1955.

The modest incomes reported for the open-country households surveyed are derived from a wide variety of sources and workers. If the households are divided into farm operator, nonfarm worker, and nonworker ^{14/} according to chief source of income, a large proportion of the nonworker and farm operator households are in a marginal economic position. Nonfarm worker households are in a relatively favorable position. Average cash incomes for households ranged from a low of \$1,664 in the Arkansas Ozarks to a high of \$3,018 in southern Maryland.

The people in the survey areas were underemployed both in terms of days worked and income, and it is reasonable to expect that a large number of these people would indicate they were available for employment. However, in West Virginia only 16 percent of the people surveyed were available for employment at the time of the enumeration compared with 12 percent in Arkansas, and 14 percent in southern Maryland. It may be that the underemployed people in these areas are satisfied with a lesser amount of employment.

The major activity for the 12 months preceding the survey for individuals 14 years old and over was nonfarm employment for males except in Arkansas, and for females, keeping house. Nonfarm employment was the major activity for 52 percent of the males in the Upper Monongahela Valley of West Virginia and for 42, 37 and 28 percent in southern Maryland, the eastern Ozarks of Missouri, and the Ozarks of Arkansas, respectively. A comparatively small proportion of the females in all areas listed nonfarm work as their major activity. There was little difference between areas in the proportion of persons 14 years old and over who listed going to school as their major activity.

Only 12 percent of the males in West Virginia listed farm operation as their major activity, compared with 22 percent in Missouri, 26 percent in Maryland, and 33 percent in Arkansas.

In the course of preparing this paper, some of my ideas concerning research in rural development and manpower have been fortified, others have been revised completely, and some new areas of thought have been opened up. In the remaining minutes I would like to present to you some of my thoughts concerning research in low-income areas.

1. Most of our schedules are of the "inventory" types. We ask questions about individual household members at home (some schedules restrict questions to heads of households) - their age, sex, education, relationship to head, work history, preference for various types of employment, and farm or business organization or practices.

At this point some studies stop. Others go on and ask for information about family members who left home to stay, and have a miscellaneous section under the title of "communication," "participation," "attitudes," and so on, that is, made up of questions included at the request of committees and/or agency officials. After our information has been analyzed, we prepare a report. Some gather dust, others are read by local people, and others

^{14/} Nonworker households are dependent primarily on income from rents, royalties, interest, dividends, veterans' allotments, Social Security, unemployment insurance, public assistance and aid from friends and relatives.

add to our store of scientific knowledge. At the present time, we have a vast store of information published and unpublished. What is needed, it seems to me, is to rework this material with the objective of finding out what these areas and population have in common and where they differ. An analysis of this type is not possible without access to the field schedules, listing sheets and/or punch cards. Many studies as published are not comparable because of different classifications. In many cases, some of the material that was obtained does not appear in the published report.

2. At some point we need to progress beyond the inventory stage in our studies. Much of the inventory activity could and should be done by local people if they are to become "involved." The Department of Agriculture has prepared a guide with this in mind, ^{15/} If we are to have the maximum of local interest, we need to bring the local people into our project during the first stages of development and not after a group of arm-chair strategists have developed a set of study plans and schedules.

If much of the general information about an area were obtained by local people, the research worker would have more time to delve into new areas of inquiry that the local people need research help on, for example, the area of adjustment potentials, preferences and attitudes of the local people. The researcher would be touching on the area of basic research and would make some bad starts, but we must do this if we are to advance. It is not enough to know that incomes are low, that farms are small, and that some people in an area think new industry or government programs would solve the "problems." Experience has shown that this is often not the case. For example, the available labor force in an area may have lacked the skills required by the new activity, or may have been too old or infirm, so that new labor had to be imported with the industry that was going to provide jobs for local people. Or it may have been that programs were set up to help low-income farmers and the program was not participated in by this segment of the rural population.

3. We have done considerable research in the area of economic goals. More research needs to be done in the area of nonmonetary goals. One point to remember in considering human resources is that even if some people had the necessary knowledge and opportunity to transfer their labor resources and combine these resources with new capital resources, the individual's choice of goals in life might preclude any major changes. This is largely because of the different values individuals place on monetary and nonmonetary returns in life. It may be that according to our measures of efficiency - for example, days worked, production, and earnings - an individual or a group of individuals may be making poor use of their available resources. But when nonmonetary considerations are brought into the picture, such as the privilege of being one's own boss, the opportunity to "go fishing," or the opportunity to "go up the road" (migrate), then these people in view of their goals may be making the most efficient use of their resources. This kind of inquiry will require cooperative research between the economist, the sociologist, and the psychologist.

^{15/} A Guide for Studying the Economy of Pilot Counties in the Rural Development Program by Burwell Powell, U. S. Dept. of Agriculture, Washington, April 1957.

4. In the future it may become more difficult for communities in low-income and labor surplus areas to attract industry. The business recession of the last few months, if continued, would indicate that fewer plants will be expanding and that some organizations considering relocation may not want to incur additional expenses. Low-income areas will need to offer manufacturers more than a favorable tax structure and a plant site or a plant site and "x" number of unemployed or underemployed individuals. Executives need workers with skills and often demand workers in the younger age groups. In this connection we should begin to offer our rural youth career guidance and courses that will enable them to compete with urban youth who have had the advantages of trade and industrial schools. If the desired type of individual is not available in the local area, manufacturers will locate in another area, or if they do locate in the area they will import skilled workers from other areas.

5. In the past some problems in low-income areas have been solved or alleviated because of out-migrants, part-time farmers, and an influx of summer residents. We need to know more about future plans, if any, of these individuals. Do they have any retirement plans? What would they do in the event of an extended recession? Would the problems of low-income areas be multiplied by the return of ex-residents who no longer had employment in urban areas? Have some summer and weekend places been purchased with the intention of permanent residence "if times should get tough"? These are areas that have been neglected in most of our studies.

6. Many individuals in low-income and labor-surplus areas have little development potential. They would be better classified as welfare cases. The National Rural Development Program is designed to help employable people. The sooner we realize this and stop trying to "develop" individuals who because of age, health, or other characteristics have a low development potential, the more effective we will become in the area of rural development. This is not to infer or imply that these individuals should be forgotten. The rural development program, however, is not equipped to handle these situations. Welfare cases should be left for the public assistance agencies that are equipped to alleviate their problems. In this area there is ample opportunity for closer cooperation between "welfare" and "development" programs, but if either is to succeed, we must not confuse our cases. In this connection we need more adequate tools to measure employability and adjustment potentials of individuals.



